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The District Advisor
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- 1. Big Five Meet to Discuss Water and Other Legislation**
Deborah Harmon - SSC

The Big Five (members of the Big Five include the Governor and the four legislative leaders, who negotiate the Budget and other high profile issues) met Tuesday and Wednesday October 6 and 7, 2009, and were scheduled to meet again Thursday, October 8, to discuss water and other legislation, including the more than 20 bills that got hung up in the Senate on the final day of session by an inability to garner the two-thirds votes needed for passage of an urgency bill.

Friday, October 9, is viewed as the last day for legislators to reach a deal on a water package. If a deal were reached, legislators could be called back to Sacramento in the next week or two to vote on the deal.

It has been rumored that the Governor will veto all bills on his desk unless a water deal is reached. The Governor did say, in remarks at Thursday's Association of Community College Trustees' Leadership Congress in San Francisco, that he would veto "a lot" of bills if no water deal is reached.

As of Thursday, the Governor has acted upon only three of the bills that have come to his desk. One of the three measures signed was ABX3 37 (Evans, D-Santa Rosa), which assists the state in downsizing its Revenue Anticipation Note (RAN) borrowing by, among other things, deferring \$100 million of the community college general apportionment from March 2010 until May 2010. Approximately 700 bills remain on the Governor's desk, and the Governor is reportedly using them as leverage for an agreement on water.

Numerous education bills await the Governor's action, including the following:

- AB 267 (Torlakson, D-Martinez) would authorize school districts, under certain conditions, to create an education finance district that could impose, within the education finance district, a qualified special tax pursuant to specified procedures
- AB 506 (Furutani, D-Long Beach) would extend the current exemptions to the State Teachers' Retirement System (STRS) earnings limitation from June 30, 2010, to June 30, 2012, and preclude a retired member from earning any postretirement compensation from specified types of employment during the first six calendar months after the member retired for service, if the member is below normal retirement age at the time the compensation is earned

AB 851 (Brownley, D-Santa Monica) would consolidate four revenue limit add ons into two fixed adjustments to be included in each district's total revenue limit funding, commencing with fiscal year 2010-11

SB 19 (Simitian, D-Palo Alto) would make statutory changes relating to the collection, reporting, and use of data deemed necessary for California to apply for federal Race to the Top grants, by, among other things, deleting an existing law prohibiting data in the California Longitudinal Teacher Integrated Data Education System (CALTIDES) from being used either solely or in conjunction with data from the California Longitudinal Pupil Achievement Data System (CALPADS) for purposes of pay, promotion, sanction, or personnel evaluation of an individual teacher or groups of teachers, or any other employment decisions related to individual teachers

SB 334 (Ducheny, D-San Diego) would require an increase made to the per-unhoused-pupil grant amounts for construction of school facilities on or after January 1, 2010, with increases also made to the per-unhoused-pupil who is a qualifying individual with exceptional needs grant amounts

SB 680 (Romero, D-Los Angeles) would extend the sunset and repeal date for the School District of Choice (DOC) program from July 1, 2009, to July 1, 2016, and January 1, 2010, to January 1, 2017, respectively, and repeal the prohibition on new districts electing to become a DOC

The deadline for the Governor to act on any bills is Sunday, October 11. If the Governor fails to act, the bills automatically will become law. We think the Governor will act rather than allowing all of the bills to become law, and will sign bills that he deems to be of higher priority.

2. How to Handle Donations

Sheila G. Vickers - SSC

Given the difficult financial times that school agencies are in, we have been receiving many more questions than usual about handling donations to districts and/or schools. What follows are a number of things that need to be considered as your district develops its policy and procedures for donations.

Policy Considerations

It is a good idea to have a board policy that addresses donations to the district or its schools.

Education Code Section 41032(a) says:

The governing board of any school district may accept on behalf of, and in the name of, the district, gifts, donations, bequests, and devises that are made to the district or to or for the benefit of any school or college administered by the district. The gifts, donations, bequests, and devises may be made subject to conditions or restrictions that the governing board may prescribe.

One might wonder what kinds of "conditions" or "restrictions" would be included in board policy—it seems counter intuitive to encouraging donations. There are good reasons to specify conditions under which donations are accepted, and here are some examples:

What if the donated item is a computer that requires repairs in order to be functional? In this case, the district is incurring a cost that it would not otherwise incur. Even if the repairs are not done, storing and/or disposing of the computer can be costly.

What if cash is donated and the donor specifies that it is to go to a particular student or family? School agencies are not allowed to give cash to individuals, no matter the reason. If the donation proceeds are not to be used for the district's

programs, but are for other entities or individuals, scholarships or trusts can be set up with a governance structure and criteria for issuing funds to recipients—this is an entirely separate discussion and process.

What if the donation is restricted for a particular program that has been eliminated by the district? It may be difficult to ramp up the program by the time the donation is received, only to have to ramp it back down again when the donated funds run out and there are no other funds to continue the program.

There can be other situations that the district would want to avoid when considering whether to accept donations. The California School Boards Association (CSBA) provides a sample policy and additional guidance to assist you in developing or updating your board policy.

Acceptance of Donations

There needs to be a process for collecting information on donations that have been made to the district and its schools. Then, on a regular basis—each month, for many districts—a list should be compiled indicating the donor, the item or funds received, the purpose specified (if any), and the amount (if cash) for formal acceptance by the board. Some districts include this on the agenda under consent items and other districts present the list to the board as a separate action item.

Once the donations have been accepted by the board, it is a good policy to provide the donor with a letter of acceptance for several reasons, but mainly to express the district's appreciation for his or her generosity and in case the donor needs documentation for income tax purposes. Donations to school agencies may be state and federal income tax deductible because school agencies are political subdivisions of the state. We say "may" be tax deductible because whether the donation is truly tax deductible is dependent on the donor's personal tax situation.

Furnishings, equipment, and other physical assets that are donated should be inventoried and tagged according to your district's policy and procedures for fixed assets. The value for inventory purposes would be the fair market value at the time of donation.

Donated cash that is not restricted in its use by the donor should be deposited into the county treasury to the credit of the district fund that you determine to be most appropriate, which is likely to be your General Fund. Donated cash that is restricted by the donor for a particular use should be segregated by using a locally defined Resource Code.

If there is a formal trust agreement with the donor, the funds should be deposited into a Foundation Special Reserve Fund (Fund 19) if both the interest earnings and the principal are to be used for district programs. If only the interest is to be used, then the funds should be deposited into a Foundation Permanent Fund (Fund 57).

More Information

For more detail on some of the aspects of handling donations, please see related *Fiscal Report* articles, such as:

[Ask SSC . . . Are School Agencies Nonprofit Organizations for Federal Tax Purposes?](#) (July 3, 2008)

[Ask SSC . . . Can the ASB Collect Donations on Behalf of Families Who Lost Their Homes?](#) (November 21, 2008)

[Ask SSC . . . What is the Best Way to Show PTA Funds Donated to the District?](#) (June 8, 2001)

Ask SSC . . . Can a Cash Donation to the District Have Donor-Imposed Restrictions for Use?
(July 3, 2008)

Ask SSC . . . Can Donated Funds be Used to Pay for Employee Salaries? (September 18, 2009)

3. New site offers ways you can help improve education

JEFF NACHTIGAL , Californian staff writer

The state Department of Education unveiled a new Web site Wednesday to help families, communities and organizations develop partnerships with schools to narrow the academic achievement gap between higher-performing and lower-performing students.

The site aggregates lots of detailed education studies and databases that are useful in drawing a picture of how we educate our diverse group of students in California.

Much of the information pulled together has long been available, but hard to find online. Now lots of data is located in on one site, including sections such as:

Data: An Essential Tool, includes links to reports about test data, enrollment, graduates, dropouts, course enrollments and English language learners.

Parent/Family, offers information about parent rights, handbooks for subjects and real-life success stories highlighting how change can happen.

Making Connections, offers a primer on how groups such as businesses, faith-based groups and families can work with schools.

There are also case studies about how school districts and businesses have had success making a change.

Everybody has a stake in public education, said Pat Alexander, administrator for the Kern County Superintendent of Schools' division of instructional services.

Businesses depend on public education being effective so they have a workforce, and they benefit from a reciprocal relationship with schools and parents, Alexander said.

"The message we hope when someone reads it is that stakeholders are everywhere, and we're all responsible for learning," said Sallied Wilson, a staff member who supported the development of the site.

A paper trifold outlining what's on the site will be available later in the month, Wilson said.

Visit the site at www.closingtheachievementgap.org/partnerships.

4. Tough budget year soon may be seen as 'good old days'

Dan Walters – The Sacramento Bee

Golfers call it a "mulligan" or even more colloquially, a "mullie," but the rest of us would say it's a "do-over" when things don't go as well as hoped and we make a new stab at getting it right.

Capitol politicians and various interest groups are pursuing mulligans on many of the specific provisions of the state budget that legislators ultimately adopted in July and that Gov. Arnold Schwarzenegger later signed after slashing nearly a half-billion dollars in spending.

"This has been a very tough budget, probably the toughest since I have been in office here in Sacramento," the governor said as he signed the package of budget bills.

It's too tough for many, who have been suing, protesting and demanding reversals of its provisions. Some legislators claim that Schwarzenegger's line-item vetoes are illegal. And just last week, a federal lawsuit was filed over reductions in in-home services to the aged and disabled.

The drumbeat continued this week when Jack O'Connell, the state superintendent of schools, denounced elimination of funds for development of new instructional materials as "inexcusable" and said it would mean that students' instruction would quickly become out of date.

On the same day O'Connell issued his blast, some legislative leaders appeared on the Capitol steps to complain about elimination of funds to aid victims of domestic violence, including shelters. Such protests have become almost daily events in and around the Capitol. Some have borne fruit.

Responding to howls about shutting down state parks, Schwarzenegger announced a plan to keep some parks open some of the time, using savings from suspending vehicle purchases and other savings. And he agreed to a complex deal that restored funds for health insurance to thousands of children.

California, however, cannot print money. Even with the spending cuts raising such ire, the state remains, at best, precariously teetered on the brink of insolvency. A series of late-summer wildfires cut into the state's relatively tiny reserve, and revenues continue to run below the budget's forecasts. The state has borrowed billions of dollars to ease its cash flow crunch. But that money must be repaid by next June, so it means nothing in terms of the overall fiscal situation.

State agencies are starting to put together their preliminary 2010-11 budgets. Schwarzenegger's Department of Finance has predicted there will be a \$7.4 billion gap between projected revenue and baseline spending - a figure that, if anything, is too optimistic. It could easily be \$10 billion. Plus, after next year, the deficit will widen as the temporary spending cuts and deferrals and the temporary taxes expire - just as the next governor is inaugurated.

The current budget may be considered draconian by many around the Capitol, but these may soon be savored as the good old days unless the economy unexpectedly heads upward.

5. Local Happenings: Go & Do - Highway 99 Cruise N' Show

Highway 99 Cruise N' Show, with hundreds of cars and trucks, AA Fuel Dragsters, kiddy corner, nifty 50s costume contest, awards ceremony and more, Friday through Sunday, downtown, Bakersfield.